

Decision 04-03-025 March 16, 2004

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of CALIFORNIA WATER SERVICE COMPANY (U 60 W), a corporation, for an order authorizing it to increase rates charged for water service in the SALINAS district by \$1,353,600 or 12.4% in 200; by \$1,112,300 or 9.1% in 2003; by \$745,100 or 4.5% in 2004; and by \$756,800 or 4.5% in 2005.

Application 01-09-071
(Filed September 10, 2001)

**INTERIM DECISION MODIFYING DECISION
AUTHORIZING MEMORANDUM ACCOUNT**

Summary

In this decision, we modify Decision (D.) 02-08-054 as requested by California Water Service Company (Cal Water).

Background

In D.02-08-054, we granted Cal Water's motion requesting memorandum account treatment for certain well contamination treatment costs in its Salinas District. We authorized Cal Water to seek Commission ratemaking consideration of the amounts in the memorandum account in Cal Water's next general rate case (GRC).

On November 12, 2003, Cal Water filed a petition to modify D.02-08-054 to allow Cal Water to seek ratemaking consideration of the amounts in the memorandum account via an annual advice letter filing, rather than in its next GRC. Cal Water stated that its next GRC for the Salinas district had been postponed and that the amount in the account had become significant, nearly

\$750,000. Cal Water contended that if the amount were allowed to accumulate until the next GRC, the resulting rate increase could be so large as to constitute “rate shock.” Cal Water, therefore, sought annual advice letter filings for Commission ratemaking consideration of the accumulated amounts.

Cal Water stated that it met and conferred with the Office of Ratepayer Advocates (ORA), and that ORA did not oppose the request. There is no request for a hearing on the petition, which is unprotected.

Discussion

In D.02-08-054, the Commission determined that the costs of treating four wells for contamination in the Salinas district met the standards for memorandum account treatment, and that the amounts should be considered for ratemaking purposes in the next Salinas district GRC. Cal Water requests that we modify that decision to allow for ratemaking consideration via an annual advice letter filing. We will grant the request.

Pursuant to Rule of Practice and Procedure 47(h), in response to a petition for modification, the Commission may modify the decision as requested or in a way consistent with the request, set the matter for further proceedings, “summarily deny the petition on the ground that the Commission is not persuaded to modify the decision,” or take other action, as appropriate.

Here, Cal Water’s unopposed request shows that ratepayers could be subject to a significant rate increase as a result of amortizing the amount currently in the memorandum account. Waiting until the next GRC will exacerbate this effect. Annual advice letter filings will facilitate an orderly series of relatively modest increases. While a GRC provides an ideal forum for the thorough cost review needed for a memorandum account of this magnitude, such review can also be accomplished in the advice letter process.

Therefore, we will grant Cal Water's request. We will modify D.02-08-054 to allow Cal Water to seek ratemaking consideration of the amounts in the memorandum account through annual advice letter filings.

Waiver of Comment Period

This is an uncontested matter in which the decision grants the relief requested. Accordingly, pursuant to Section 311(g)(2) of the Public Utilities Code, the otherwise applicable 30-day period for public review and comment is being waived.

Findings of Fact

1. In D.02-08-054, the Commission granted Cal Water authority to establish a memorandum account to record the costs associated with treating four well sites for contamination in the Salinas district, and authorized Cal Water to seek ratemaking consideration of any amount recorded in the account in Cal Water's next GRC.
2. Cal Water's next Salinas district GRC has been postponed.
3. The amount currently recorded in the contaminated water treatment memorandum account is significant, nearly \$750,000.
4. The advice letter process will allow the Commission to review the costs recorded in the memorandum account for ratemaking purposes.
5. Cal Water's petition is unopposed.

Conclusions of Law

1. Pursuant to Rule 47(h) of the Commission's Rules of Practice and Procedure, the Commission may grant a petition to modify a previous decision.
2. Cal Water's unopposed petition to modify D.02-08-054 should be granted.
3. This decision should be effective today.

INTERIM ORDER

Therefore, **IT IS ORDERED** that:

1. Ordering paragraph 2 of Decision (D.) 02-08-054 is modified by deleting the redlined text and inserting the underlined text as set out below:

2. Cal Water may seek Commission consideration of the amounts in the Salinas memorandum account in ~~its next general rate proceeding~~ annual advice letter filings.

2. In all other respects, D.02-08-054 remains unchanged.

This decision is effective today.

Dated March 16, 2004, at San Francisco, California.

MICHAEL R. PEEVEY

President

CARL W. WOOD

LORETTA M. LYNCH

GEOFFREY F. BROWN

SUSAN P. KENNEDY

Commissioners